

## **Agricultural Equipment**

### **Overview**

The agricultural machinery market in Bulgaria is rather competitive. Most of the well known agriculture equipment manufacturers are present on the market. It is perceived that 15-20 top agricultural machinery manufacturers are competing for 20 000 potential customers.

Total grain area in Bulgaria as of 2010 is 1.113.000 hectares.

In the past two years, the Bulgarian agriculture machinery market experienced an unprecedented boom resulting from:

- excellent harvest in 2010 through 2012 which translated into doubling the investment in arable farming machinery
- traditionally good and long-term reputation and marketing strategy of German agriculture machinery importers. German tractors and agricultural machinery make up to 40 % of total imports.
- allocation of EU funding for development of Rural Areas including purchase of equipment

There are two major groups of agriculture equipment: tractors and combines. There is a third subgroup, that of irrigation equipment and implements, whose development is tied up to the status of the first subgroups.

The total number of combines in Bulgaria as of December 31, 2011 is 9 821.

The total number of tractors at the end of 2011 in Bulgaria is estimated at 55,925. (information provided by the recently established Bulgarian Association of Agriculture Equipment Importers and Distributors (BAAEID)).

### **Sub-Sector Best Prospects**

#### **Combines**

The average age of the combines in Bulgaria is 18 years (19% are older than 10 years, 44% are older than 20 years, whereby 81% from them are outdated socialist type technology Niva – SK 5 (Russian) and Fortschritt, series E (East German)). Statistics show that between 1997-1998 there have been imports of Claas, John Deere, Massey Ferguson, New Holland and other western type technology combines too. Overall 60-65% of all combines which are now used by Bulgarian farmers are older than 20 years, outdated, low technical coefficient & safety factor, high maintenance cost and fuel inefficient.

The average density per hectare total grain area is one combine per 163 hectares. For comparison the average combine density in Germany is one combine per 30 hectares, in France – per 52 hectares, in Italy - per 68 hectares, in Spain and United Kingdom – per 71 hectares, and in Greece and Portugal – per 130 hectares.

#### **Tractors**

The average age of tractors at present is approximately 21 years. More specifically 43 147 tractors are over 10 years of age; this represents 82% of the total.

The opinion of experts in the sector is that in short to medium term the average age of tractors should become 13 years, which translates into the need of quick modernization and upgrade. At present one tractor cultivates 62.7 hectares land in Bulgaria, while in Portugal and Greece the density is 1 tractor per 16 hectares land, in Germany 11.6, in France 15.3 hectares etc. The energy efficiency of one tractor in Bulgaria is 138.9 KW/100 hectares while in Europe it is 240 KW/100 hectares.

### **Opportunities**

The modernization and upgrading of Bulgarian combines' fleet started in 1989.

The overall number of new combines with highest overall production efficiency and engine capacity imported in 1989 amounted to 938, between 2003 - 2007 the number of new combines imported was 150 per annum and for 2008 and 2009 their number increased by another 641.

The same trend continued during the first 5 months of 2010 with 84 new imported combines.

Almost all new imports were the highest class combines, which allowed for a daily yield of 50-60 hectares grain area.

As far as tractors, modernization for the last 6-10 years has been slow – only 8 to 10% of the overall tractor fleet has been replaced by newer ones. In 2009 only 2.6% of tractors have been replaced by new ones.

Experts in Bulgaria express opinion that for 2008-2013 timeframe Bulgarian farmers had to invest in 100 000 KW tractor capacity annually to reach the average EU density rate.

#### **Web Resources**

- [www.mzh.government.bg](http://www.mzh.government.bg) (Ministry of Agriculture)
- [www.investbg.government.bg](http://www.investbg.government.bg) (Bulgarian Investment Agency)
- [www.mee.government.bg](http://www.mee.government.bg) (Ministry of Economy)